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TO RUEHC/SECSTATE WASHDC IMMEDIATE 1060  
INFO RUEHZS/ASSOCIATION OF SOUTHEAST ASIAN NATIONS PRIORITY  
RUEHBJ/AMEMBASSY BEIJING 5763  
RUEHBY/AMEMBASSY CANBERRA 3444  
RUEHLM/AMEMBASSY COLOMBO 1530  
RUEHKA/AMEMBASSY DHAKA 1517  
RUEHNE/AMEMBASSY NEW DELHI 2539  
RUEHUL/AMEMBASSY SEOUL 5263  
RUEHKO/AMEMBASSY TOKYO 2884  
RUEHWL/AMEMBASSY WELLINGTON 3364  
RUEHHK/AMCONSUL HONG KONG 3192  
RUEHPT/AMCONSUL PERTH 1365  
RHMCSUU/FBI WASHINGTON DC  
RUEAWJB/DEPT OF JUSTICE WASHDC  
RUEKJCS/JOINT STAFF WASHINGTON DC  
RHHJJPI/USPACOM HONOLULU HI  
RUEAIIA/CIA WASHDC  
RHEHNSC/NSC WASHDC  
RUEKJCS/SECDEF WASHDC

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SENSITIVE  
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DEPT FOR D, P, EAP, EAP/MTS, EAP/MLS  
DEPARTMENT PLEASE PASS TO TRANSITION TEAM  
STATE FOR USAID ADMINISTRATOR FORE  
NSC FOR E. PHU

E.O. 12958: N/A  
TAGS: [PREL](#) [PGOV](#) [KDEM](#) [ECON](#) [ID](#)  
SUBJECT: THE U.S. ROLE IN INDONESIA'S DEMOCRATIC  
TRANSFORMATION

REF: A. JAKARTA 2279  
[1](#)B. JAKARTA 2644

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[1](#)1. (U) This message is Sensitive but Unclassified; please handle accordingly.

[1](#)2. (SBU) SUMMARY: Indonesia has a great story to tell. This country's ten-year transformation from authoritarianism to democracy was Indonesia's decision and is Indonesia's success. Likewise, the Indonesian government's strategic decision to end communal and separatist conflicts and to fight terrorism has succeeded beyond anyone's expectations. Although these are primarily Indonesian successes, U.S. policy and assistance during the last eight years played a major part in this success story. President Bush's three bilateral summits with Indonesia's leaders in 2004, 2005 and 2006 were cornerstones in the success of this cooperation. These achievements have created an opportunity to advance our interests here by launching talks on a possible strategic partnership. END SUMMARY.

INDONESIA'S TRANSFORMATION

[1](#)3. (SBU) Since 1998, Indonesia has rejected military-dominated authoritarianism to become a democracy that the NGO Freedom House calls the freest in Southeast Asia. The decisions and actions undertaken in this extraordinary transformation were driven largely by internal events here, not external pressure or finger-wagging. The same can be said for the major turn-around in the security situation since the 2002 Bali bombing, which prompted the GOI to finally acknowledge its terrorism problem and make the strategic decision to combat it aggressively.

14. (SBU) The United States has helped Indonesia make this transformation. U.S. policies and assistance have proven vital in supporting the security sector, reforming the government, and combating corruption. Bilateral summit meetings between President Bush and former President Megawati and current President Yudhoyono launched important elements of this bilateral cooperation. The 2004 Bush-Megawati summit in Bali kicked off the President's Education Initiative that provided \$157 million to transform Indonesia's basic education curriculum, among other things to foster critical thinking skills. In 2005, after Yudhoyono met the President in Washington, the Bush Administration made the crucial decision to restore bilateral military-to-military ties by lifting the 13-year sanction on security assistance. In 2006, when President Bush met Yudhoyono in Bogor, the two Presidents jointly reiterated their commitment for broad bilateral cooperation in the areas of security, democracy, good governance, education, health, disaster relief, trade and investment.

#### HOW WE HAVE HELPED

15. (SBU) In a Washington speech last month, President Yudhoyono noted the success of bilateral relations under President Bush and called for a strategic partnership with the United States, particularly in the areas of climate change, food security, energy security and in combating the global financial crisis. Ref A outlines President Yudhoyono's remarks. He specifically thanked the Bush Administration for the end of the arms embargo, the lifting of the travel warning, cooperation with the police, prosecutors, tsunami relief, the Education Initiative, support for the Coral Triangle Initiative and increased trade

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and investment. President Yudhoyono also thanked President Bush for inviting him to participate in the G-20 financial summit, which Indonesians interpret as a symbol that Indonesia has arrived as an important global player.

16. (SBU) The core of our contribution to Indonesia's transformation has been in the area of security, both military-to-military relations and cooperation with the Indonesian National Police (INP). Ending the embargo in 2005 was the critical first step. However, the U.S. has done much more to promote military and police reform, increase security and combat terrorism. These security sector successes culminated in Washington's decision in April 2008 to lift the eight-year old travel warning on Indonesia, which reflected the improved security climate here.

17. (SBU) Reform of Indonesia's military (TNI) has been at the top of our bilateral agenda. The Indonesian government made important decisions to separate the military and police, get the military out of politics and put the military under civilian control. The national police similarly are being transformed from a force that protected the state under an authoritarian system to a force that protects the people in a democracy. The goal of all of our security assistance, IMET, military-to-military engagement, and INL-funded police cooperation implemented by the Department of Justice has been to professionalize security forces here and to cement reforms initiated by the government of Indonesia and promoted by President Yudhoyono.

18. (SBU) Our newest area of success is in counter-narcotics cooperation. DEA and JIATF-West in Honolulu have done great work with the Indonesian anti-narcotics police (BNN), again with the goal of professionalization and regional cooperation. The culmination of this success from our perspective was BNN's active cooperation last month turning over Haji Juma Khan--reputed to be one of Afghanistan's biggest heroin traffickers--to the U.S. for prosecution.

19. (SBU) A pro-active public diplomacy effort has helped the relationship as well. An expanded Fulbright program, YES

high school exchanges, an extensive International Visitors Program, ACCESS English teaching programs, more university linkages, and Embassy outreach activities, have fostered closer people-to-people ties and more mutual understanding. In part, these efforts have helped improve Indonesian's overall perception of the U.S.

#### GOVERNANCE AND THE RULE OF LAW

¶10. (SBU) President Yudhoyono also welcomed the decision last week to declare Indonesia's eligibility for a Millennium Challenge Corporation (MCC) compact. Our work during the on-going two year \$55 million threshold program has focused on governance, rule of law and health. The next challenge will be to work with the Indonesian government to use the compact program to push Indonesia to the next level in terms of economic openness, job creation, and poverty alleviation. Nothing will do more to solidify Indonesia's democratic reforms than economic success for the average Indonesian.

¶11. (SBU) The positive MCC decision builds on a decade of USAID, INL and S/CT programs in the areas of basic human needs, rule of law and human rights, education, environment and economic growth. This foreign assistance package of about \$180 million per year is the largest in East Asia and, while modest on a per capita basis, has effectively helped

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the Indonesian government build capacity and spread reforms.

#### NEXT STEPS

¶12. (SBU) The Mission has recommended that Washington seize the current opportunity to build on this solid foundation and launch talks with the government of Indonesia to develop a bilateral strategic partnership. We are in a very favorable position with this strategic country of 245 million people, in large part due to the decisions and policies of the Bush Administration.

HUME